

## Message Text

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PAGE 01 LAGOS 08947 01 OF 03 091558Z  
ACTION AF-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-08 NSC-05 TRSE-00  
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03  
INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 IGA-02  
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P R 091410Z AUG 77  
FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC PRIORITY 2806  
INFO USIA WASHDC

LIMITED OFFICIAL USE SECTION 01 OF 03 LAGOS 8947

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E.O. 11652: N/A  
TAGS: EAID, EFIN, EINV, OEXC, NI  
SUBJECT: MEETING WITH FMG ON U.S. DEVELOPMENT ASSISTANCE STANCE

REF: LAGOS 5523

SUMMARY: MEETING TO DISCUSS FUTURE US ROLE IN NIGERIAN  
DEVELOPMENT TOOK PLACE AT MINISTRY OF FINANCE IN LAGOS ON  
AUGUST 5. REPRESENTATIVES OF THREE FEDERAL MINISTRIES, MINISTRY  
OF FINANCE (MOF), MINISTRY OF EXTERNAL AFFAIRS (MEA), AND  
MINISTRY OF ECONOMIC DEVELOPMENT AND RECONSTRUCTION (MEDR) MET  
WITH EMBASSY AND AID OFFICERS IN CORDIAL ATMOSPHERE,  
ACCENTING USG INTEREST IN CONTINUING TO SUPPORT COUNTRY'S  
DEVELOPMENT, EMBASSY TEAM DESCRIBED VARIETY OF CHANNELS THROUGH  
WHICH FMG COULD DRAW REIMBURSABLE ASSISTANCE AND TECHNOLOGY.  
NIGERIANS CLEARLY PLEASED AT RANGE OF POSSIBILITIES AND  
RESPONDED THAT DEVELOPMENT COOPERATION COULD TAKE PLACE IN  
VIRTUALLY ALL SECTORS. REIMBURSABLE NATURE OF ASSISTANCE  
ACCEPTED. SUBJECT OF COST SHARING EMERGED WITH  
QUESTION ON POSSIBILITY OF SALARY SUPPLEMENTATION FOR TECHNICAL  
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PAGE 02 LAGOS 08947 01 OF 03 091558Z

EXPERTS. STRONGLY DESIRED FORM OF ASSISTANCE APPEARS TO BE EXIM  
BANK LOANS FOR MAJOR PROJECTS. FMG PREFERS AGENCY-TO-AGENCY  
COOPERATION WITHOUT ANY OVERALL UMBRELLA MECHANISM.

1. MUSA BELLO, MOF PERMSEC, AS HOST OPENED MEETING BY DES-  
CRIBING IT AS FOLLOW-UP TO MAY 1977 DISCUSSIONS WITH UNDERSECR-  
ETARY COOPER. MEETING'S PURPOSE WAS TO SEEK AREAS OF MUTUAL

ECONOMIC INTEREST AND COOPERATION. HE URGED SESSION BE INFORMAL AND FRANK AND ASKED THAT VIEWS ON ALL ASPECTS OF DEVELOPMENT BE AIRED FREELY. ECON COUNSELOR CAHILL BEGAN EMBASSY'S PRESENTATION BY STRESSING THAT U.S. HAS A CONTINUING INTEREST IN THE DEVELOPMENT OF NIGERIA. HE STATED THAT EMBASSY'S PURPOSE AT MEETING WAS TO DISCUSS WAYS IN WHICH U.S. COULD COOPERATE IN NIGERIA'S DEVELOPMENT, TO ASCERTAIN THE DIRECTIONS IN WHICH NIGERIA HOPES TO MOVE, AND TO IDENTIFY THE AREAS IN WHICH U.S. COULD HELP MEET THOSE NEEDS. AFTER BRIEFLY ALLUDING TO THE DOLS 367 MILLION IN ASSISTANCE THAT THE U.S. HAS SUPPLIED TO NIGERIA SINCE 1954, HE DESCRIBED PRESENT TRANSITION FROM CONCESSIONAL TO REIMBURSABLE ASSISTANCE AND THEN OPENED A DISCUSSION OF ASSISTANCE PROGRAMS NOW UNDERWAY.

2. TOM MOSER, INTRODUCED AS A SPECIAL GUEST FROM USAID WASHINGTON, EXPLAINED AID'S REIMBURSABLE DEVELOPMENT PROGRAM AND STRESSED THAT NON-CONCESSIONAL ASSISTANCE WAS BEING CARRIED OUT WITH MANY COUNTRIES AND NOT NIGERIA ALONE. HIS PRESENTATION HIGHLIGHTED THE MID-LEVEL TECHNICAL MANPOWER TRAINING PROGRAM NOW BEING IMPLEMENTED. SIMILAR PROGRAMS COULD BE ADOPTED FOR ALMOST EVERY AREA OF DEVELOPMENT, INCLUDING AGRICULTURE, HEALTH AND WATER RESOURCES. EMBASSY TEAM CITED ONGOING AND POTENTIAL EXAMPLES (E.G., USGS/CAPITAL DEVELOPMENT AUTHORITY, OLC/NATL UNIVERSITIES COMMISSION, CORPS OF ENGINEERS/MIN OF TRANSPORT, BUREAU OF CENSUS/MANPOWER BOARD). BELLO AGREED THAT STRONG POTENTIAL EXISTED AND EXPRESSED APPRECIATION FOR THOROUGH LIMITED OFFICIAL USE

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PAGE 03 LAGOS 08947 01 OF 03 091558Z

PRESENTATION.

3. EMBASSY PAO LEWIS THEN DESCRIBED IN DETAIL FOUR MAJOR AREAS OF DEVELOPMENTAL COOPERATION SPONSORED BY USIS. THESE INCLUDED SHARING CULTURAL UNDERSTANDING THROUGH SUCH PROGRAMS AS FULBRIGHT PROFESSOR EXCHANGE, AFRICAN SCHOLARS, INTERNATIONAL VISITOR GRANTS, MULTI-REGIONAL SEMINARS, AND AMERICAN SPECIALIST SPEAKERS; COOPERATION IN HIGHER EDUCATION BY WORKING WITH NIGERIAN NATIONAL UNIVERSITIES COMMISSION TO ESTABLISH LINKAGES BETWEEN AMERICAN AND NIGERIAN UNIVERSITIES; RAPID DISSEMINATION OF INFORMATION ON SCIENCE AND TECHNOLOGY AND RELATED MATTERS PERTAINING TO DEVELOPMENT TO APPROPRIATE NIGERIAN LEADERS; FACILITATIVE ASSISTANCE TO NIGERIAN CULTURAL, TECHNICAL, SCIENTIFIC, GOVERNMENTAL, AND OTHER ORGANIZATIONS THROUGH LINKS WITH NIGERIAN INSTITUTIONS LIKE NIGERIAN INSTITUTE OF MANAGEMENT, ADMINISTRATIVE STAFF COLLEGE, ETC. BELLO AND COLLEAGUES ADMITTED DELIGHTED SURPRISE THAT USIS "DOES ALL THESE THINGS." IN WORDS OF PERMSEC, "WE HAD NEVER IMAGINED THAT USIS WAS SO VARIED AND HELPFUL."

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PAGE 01 LAGOS 08947 02 OF 03 091611Z  
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AGRE-00 CU-04 OES-07 L-03 ABF-01 FS-01 IGA-02  
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P R 091410Z AUG 77  
FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC PRIORITY 2807  
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LIMITED OFFICIAL USE SECTION 02 OF 03 LAGOS 8947

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4. ECON COUNSELOR THEN COVERED DEVELOPMENT-ORIENTED ACTIVITIES OF ECON/COMMERCIAL PROGRAM, INCLUDING PROMOTION OF INVESTMENT AND FACILITATION OF JOINT VENTURES, TECHNICAL SEMINARS, SALES OF ADVANCED EQUIPMENT AND SERVICES FOR KEY GROWTH AREAS, VISITOR GRANTS FOR ECON DECISION MAKERS AND BUSINESS LEADERS, LINKING OF NIGERIANS WITH U.S. INFORMATION AND PRODUCT SOURCES THROUGH FOREIGN BUYERS PROGRAM, ETC. POINTING OUT THAT TRANSFER OF DEVELOPMENT ASSISTANCE DESCRIBED BY EMBASSY, CAHILL STRESSED THAT WE FACILITATED ACCESS TO AMERICAN PRIVATE SECTOR AS WELL AS PROMOTED GOVT-TO-GOVT LINKS. AGAIN BELLO VOICED THANKS, STATING THAT ARRAY OF ACTIVITIES WAS FAR LARGER THAN HE HAD REALIZED.

5. MEDR'S K.A. OLOKUN, PRINCIPAL ASST. SECRETARY, DEVELOPMENT AID DIVISION, ASKED AT THIS POINT IF AMERICAN ASSISTANCE COULD TAKE THE FORM OF "TOPPING-OFF OR SUPPLEMENTING THE SALARIES OF U.S. PROFESSORS AND EXPERTS WORKING IN NIGERI. HE SAID NIGERIA WOULD LIKE TO HIRE AMERICAN SPECIALISTS BUT COULD NOT OFFER THE HIGH SALARIES WHICH THEY USALLY DEMAND. MEA REPRESENTATIVE  
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PAGE 02 LAGOS 08947 02 OF 03 091611Z

ANI STATED SAME VIEW. TEAM REPLIED THAT SUCH TOPPING-OFF WAS NOT POSSIBLE ON A GRANT BASIS; HOWEVER, COST-

SHARING OF SALARIES WAS ALREADY BEING ACHIEVED WITHIN THE REIMBURSABLE FRAMEWORK. SECTION 661 ACTION, FOR EXAMPLE, WAS WHOLLY FUNDED BY USG. MOREOVER, MUCH OF OVERHEAD OF REIMBURSABLE DEVELOPMENT ACTIVITIES WAS ACTUALLY DEFRAID BY USG. BELLO COMMENTED THAT IT WAS UP TO USG HOW BEST TO DECIDE ON THE FORMS OF ITS ASSISTANCE, IT SURELY HAVING GOOD REASONS FOR ITS DECISIONS. NIGERIA'S OWN MAIN TASK, MEANWHILE, WAS TO MAKE THE BEST USE OF ITS RESOURCES. A DECLINE IN FOREIGN RESERVE HOLDINGS COULD BE, IN HIS MINISTRY'S VIEW, A "BLESSING IN DISGUISE" AS IT IMPOSED DISCIPLINE AND OBLIGED THE FMG TO SERIOUSLY SET ITS DEVELOPMENT PRIORITIES. IN ANY CASE, CONSIDERATION AND AWARENESS BY THE U.S. TOWARDS NIGERIA'S DEVELOPMENT OFFERED "POLITICAL DIVIDENDS."

6. ECON COUNSELOR THEN ASKED THE NIGERIAN OFFICIALS TO NAME AREAS OF DEVELOPMENT WHICH THEY VIEWED AS MOST SUITABLE FOR U.S COOPERATION. BELLO REPLIED THAT NIGERIA COULD USE AMERICAN INPUT AND ASSISTANCE IN VIRTUALLY EVERY SECTOR OF THE ECONOMY IN WHICH THE U.S. HAS COMPARATIVE ADVANTAGE. HE ADDED THAT FOREIGN EXCHANGE RESERVES WERE NOW LOWER THAN ANTICIPATED AND THAT STEPS ARE BEING TAKEN TO ENTER INTERNATIONAL CAPITAL LENDING MARKET. HE STATED HIS AWARENESS THAT AMERICAN BANKS OR THEIR BRANCHES ARE A MAJOR SOURCE OF INTERNATIONAL COMMERCIAL LOANS AND HIS BELIEF THAT U.S. ALSO PLAYS LEADING ROLE IN FORMULATING LENDING POLICY OF WORLD BANK. BELLO STATED FMG "WOULD LOVE TO RECEIVE U.S. ASSISTANCE IN FORM OF LOANS FOR MAJOR PROJECTS" SUCH AS THOSE GIVEN BY EXIM BANK. AN EXCELLENT EXAMPLE OF FOREIGN SUPPORT WAS THE ITALIAN GOVT'S HELP IN FUNDING THE KAINJI DAM PROJECT SOME YEARS BACK. HE AND MEA REPRESENTATIVE OLUFEMI ANI, DEP. DIRECTOR, ECONOMIC DEPT., WERE HOPEFUL THAT NIGERIA'S CREDIT RATING WITH EXIM BANK HAD SWUNG UPWARD AGAIN AFTER FMG LIMITED OFFICIAL USE

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PAGE 03 LAGOS 08947 02 OF 03 091611Z

HAD PAID ARREARAGES ON NIGERIAN AIRWAYS AND ABATEX LOANS. BELLO ALSO WISHED TO CONFER WITH OPIC REPS WHO VISITED LAGOS IN THE FUTURE.

7. IN REPLY TO EMBASSY'S QUESTION ON HOW IT AND FMG SHOULD WORK TOGETHER ON REIMBURSABLE PROGRAM MATTERS, PERSEC EMPHASIZED HIS PREFERENCE THAT NO CENTRAL APPROVAL PROCEDURE OR ORGANIZATION BE ESTABLISHED. HE EXPLAINED THAT SUCH A STRUCTURE WOULD CAUSE HARMFUL DELAYS; DEVELOPMENT NEEDS WERE URGENT AND NATION COULD NOT AFFORD LOSE TIME WORKING THROUGH A SUPERIMPOSED BUREAUCRATIC INSTITUTION. MINISTRIES, MOREOVER, WOULD RESENT SUCH A "CLEARING HOUSE" AS AN INFRINGEMENT ON THEIR AUTHORITY. FOR FORESEEABLE FUTURE, IT BEST TO ENCOURAGE DIRECT LIAISON BETWEEN FMG AND USG AGENCIES ON CASE BY CASE BASIS.

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PAGE 01 LAGOS 08947 03 OF 03 091622Z  
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FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC PRIORITY 2808  
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LIMITED OFFICIAL USE SECTION 03 OF 03 LAGOS 8947

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FOR SAKE OF COORDINATION, HOWEVER, BELLO ASKED THAT  
EMBASSY KEEP MEDR INFORMED OF PROJECTS BY  
"SOME MEANS OF NOTIFICATION." (AFTER MEETING, ANI ASKED  
CAHILL T SIMILARLY KEEP MEA INFORMED.) UNTIL FURTHER NOTICE,  
EMBASSY'S CONTACT POINT FOR INTER-MINISTERIAL DEVELOPMENT  
COOPERATION MATTERS WOULD BE STEVEN MBAMAYAH, PRINCIPAL SECRET-  
ARY, EXTERNAL FINANCE DIVISION, FEDERAL MINISTRY OF FINANCE,  
LAGOS.

8. BELLO SAID THAT INDIVIDUAL STATES SHOULD NORMALLY SUBMIT  
THEIR REQUESTS FOR REIMBURSABLE ASSISTANCE TO MEDR PERMSEC.  
THE LATTER WOULD IN TURN MAKE FORMAL REQUEST TO THE EMBASSY IF  
PROJECT APPROPRIATE. HE ADDED, HOWEVER, THAT THIS NOT A WATER-  
TIGHT FORMULA AND THAT STATE GOVTS AS WELL AS FEDERAL MINISTRIES  
MIGHT, IN SOME CASES, UNILATERALLY INITIATE CONTACTS AND CONDUCT  
NEGOTIATIONS WITH FOREIGN GOVERNMENTS OR BODIES. FMG APPROVAL  
WOULD BE STRICTLY REQUIRED IN ALL INSTANCES INVOLVING USE OF  
FOREIGN EXCHANGE. BELLO FURTHER RECOMMENDED THAT EMBASSY, WHILE  
WAITING FOR MEDR TO PROCESS A REQUEST FROM A STATE, SHOULD  
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PAGE 02 LAGOS 08947 03 OF 03 091622Z

INVESTIGATE WHETHER U.S. RESOURCES WERE AVAILABLE TO FULFILL  
REQUEST; "IN THIS WAY TIME WOULD BE SAVED."

9. IN THANKING EMBASSY FOR ITS INITIATIVE AND INFORMATION, BELLO ADVISED THAT MEETING SHOULD BE CONSIDERED THE FIRST OF MANY ONGOING DISCUSSIONS OF MUTUAL INTEREST; HE IS LOOKING FORWARD TO FUTURE SESSIONS. ECON COUNSELOR AND MOF PRINCIPAL SECRETARY WILL CONFER ON SETTING NEXT MEETING DATE.

10. COMMENT: ESPECIALLY NOTEWORTHY AT MEETING WAS AVID ATTENTION AND EVIDENT APPRECIATION WHICH NIGERIAN PARTICIPANTS PAID TO THE AMERICAN STATEMENTS. EACH OFFICIAL TOOK THE TROUBLE TO MAKE COPIOUS NOTES. MEETING WENT FAR TO CONFIRM CONTENTS OF U.S. DEVELOPMENT POSTURE STATEMENT DRAFTED BY AMBASSADOR AND COUNTRY TEAM. RESULTS OF MEETING WILL NOW ENABLE US TO UPDATE THAT PAPER FROM ITS JULY 20 DRAFT. WHILE THE REPRESENTATIVES OF THE THREE MINISTRIES IN ATTENDANCE WARMLY ENDORSED THE CONCEPT OF REIMBURSABLE DEVELOPMENT, WE FEEL IT SIGNIFICANT THAT THEIR ONE REQUEST FOR CONCESSIONAL AID FOCUSED ON TOPPING OFF FOR SALARIES OF U.S. TECHNICAL EXPERTS. WE FEEL THAT USG SHOULD DIRECT ATTENTION TO THIS POINT AND ARE SENDING A SEPARATE TELEGRAM ON THIS SUBJECT.  
WYMAN

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## Message Attributes

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**To:** STATE  
**Type:** TE  
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